The voice of mid-size communications companies

November 11, 2016

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *Ex Parte* Communications: *Connect America Fund*, WC Docket No. 10-90

Dear Ms. Dortch:

This letter responds to the November 2, 2016 *Public Notice*[1] announcing the results for rate-of-return carriers that accepted the offer of A-CAM model support and inviting input on what measures should be adopted to address the high level of interest in the model-based support plan adopted in *Rate-of-Return Reform Order*.[2]

ITTA is highly pleased that 216 rate-of-return carriers have voluntarily agreed to accept model-based support in conjunction with a commitment to undertake substantial additional broadband deployment. The overall subscription level, corresponding to 274 separate offers, is testament to the success of the Commission's policies underlying the offering of model-based support. Such funding will significantly increase broadband deployment by rate-of-return (RoR) carriers to unserved and underserved consumers in 43 states across rural America and, importantly, that deployment is a predicate to the fulfillment of other universal service goals such as increased broadband adoption via the Lifeline program and elimination of the "homework gap."

ITTA urges the Commission to act expeditiously to address the budget shortfall resulting from the success of the model-based plan. The sooner support amounts can be finalized, the sooner support can begin flowing and carriers can begin implementing deployment plans. ITTA members are ready to start improving their customers' broadband experience by beginning deployment as soon as final rules are in place. ITTA hopes that carriers can make their final election as soon as possible such that the A-CAM plan can become effective by January 1, 2017.

[1] *Wireline Competition Bureau Announces Results of Rate-of-Return Carriers that Accepted Offer of Model Support*, Public Notice, DA 16-1246 (WCB Nov. 2, 2016) (*Public Notice*).

[2] *Connect America Fund et al.*, Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking, WC Docket No. 10-90 et al., 31 FCC Rcd 3087 (2016) (*Rate-of-Return Reform Order*),

There is sound justification for the Commission to allocate sufficient additional funding for the A-CAM plan in order to overcome the entire budgetary shortfall. Doing so would maximize broadband build-out and would permit all carriers that have signified their interest in moving to a forward-looking, model-based support mechanism to do so. ITTA recognizes, however, that for one reason or another the Commission may not be able to fully fund the A-CAM plan. Should that be the case, ITTA urges the Commission to allocate an additional $95 million of funding annually for model-based support. This would enable all carriers that accepted such support to receive $146.10 per location, the same amount of per-location support that the Connect America Phase II program provides to price cap carriers.[3] It is also consistent with the *Rate-of-Return Reform Order*, where not only did the Commission indicate that it would consider an additional allocation of $50 million annually for model-based support if demand for the voluntary path to the model dictated such consideration, it also stated that if "demand for the voluntary path to the model is so great that the funding per location cap would need to be set at a figure lower than Connect America Phase II provides to price cap carriers, i.e., below $146.10 per location, *other measures may be necessary*."[4] Absent the allocation of any support above $150 million/year, the per-location cap would fall to $97.00, far below the level the Commission indicated may require additional measures, and numerous carriers would be forced to withdraw from the A-CAM plan. Should the Commission allocate the additional $50 million contemplated in the *Rate-of-Return Reform Order* (for a total of $200 million/year), the per-location cap would be $120.00. The allocation of *at least* an additional $50 million is essential. In no circumstances should the Commission allow the per-location funding level to fall below the $120.00 level.

ITTA supports fully funding all support mechanisms applicable to RoR carriers regardless whether they have elected to participate in the A-CAM plan or remain under revised rate-of-return carrier support mechanisms. ITTA recognizes that increased funding of RoR path support mechanisms is needed to "enable RLECs actually to offer supported broadband-only services at reasonably comparable rates, and to avoid support reductions from the 'budget control' mechanisms" as pointed out by WTA.[5]

Please do not hesitate to contact the undersigned with any questions regarding this submission.

Respectfully submitted,

Genevieve Morelli

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President

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[3] With this amount of additional funding, carriers that would receive less money with model-based support than under legacy mechanisms would still receive the $200 per location allotted in the *Rate of Return Reform Order*. *See id*. at 3107, para. 52.

[4] *Id.* at 3113, para. 62 n.136 (emphasis added).

[5] Letter from Gerard Duffy, WTA Regulatory Counsel, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 (filed November 11, 2016) at 2.